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AGREEMENT FOR SETTLEMENT OF CLAIMS OF MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES AND ATLANTIC RICHFIELD COMPANY AGAINST BANK OF MONTANA-BUTTE (MINERS BANK OF BUTTE)

As set forth in detail below, the Montana Department of Health and Environmental Sciences ("DHES") and Atlantic Richfield Company ("ARCO") are settling their respective claims against Bank of Montana-Butte, formerly known as Miners Bank of Montana, ("Bank") concerning the Bank's alleged liability at the Montana Pole and Treating Plant ("MPTP") NPL Site in Butte, Montana.

RECITALS:

A. The Montana Pole and Treating Plant located on Greenwood Avenue in Butte, Montana, was designated by the U.S. Environmental Protection Agency ("EPA") as a National Priorities List ("NPL") Site (the "Site") under the federal "Superfund" law, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended by the Superfund Amendment and Reauthorization Act of 1986 (collectively referred to herein as "CERCLA"), 42 U.S.C. §§ 9601 et seq.

B. After the listing of the Site on the NPL, the Bank and ARCO, as well as other parties, were designated by EPA under CERCLA as potentially responsible parties (PRPs) for the Site. In addition, the State has designated the Bank and ARCO, as well as others, as PRPs under both CERCLA and the Montana Comprehensive Environmental Cleanup and Responsibility Act, Title 75, Chapter 10, Part 7, MCA (hereinafter "CECRA").

C. ARCO has incurred substantial expenses at the Site conducting a Remedial Investigation/Feasibility Study ("RI/FS") under an Administrative Order on Consent (Docket No. SF-90-00001) ("Consent Order"), which was entered into by ARCO and the State on April 25, 1990, and which became effective on June 4, 1990. ARCO has asserted a contribution and cost recovery action against the Bank, as well as other parties, to recover costs it has incurred in performing the RI/FS and other actions related to the Site.

D. The State and ARCO desire to resolve their respective claims against the Bank through this settlement. The parties desire through this negotiated settlement to apply the financial contribution which can be made by the Bank toward the costs of remediation at the Site rather than to further litigation or administrative expenses.

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TERMS OF AGREEMENT:

To effect this settlement of claims against the Bank, DHES, ARCO and the Bank agree as follows:

SETTLEMENT PAYMENT AND ALLOCATION

1. At closing into escrow as provided in Paragraph 9, infra, the Bank will make a settlement payment of $375,000. This sum, which the Bank deems fully to be damages paid, shall be subject to the following allocation:

 a) $300,000 to ARCO;
 b) $75,000 to DHES.

2. The $75,000 allocated to DHES shall be earmarked for implementation of the final remedy at the Site. It is the intent of the parties that this $75,000 plus all accrued interest shall be used only for direct expenses related to implementation of the final remedy at the Site, including cost recoverable oversight or any State share of long-term operation and maintenance costs, and shall not be used for State administrative or overhead expenses. Notwithstanding the foregoing language of this paragraph 2, it is agreed that an amount not to exceed $7,500 of the $75,000 allocated to DHES may be used to defray legal costs incurred by DHES in connection with negotiating, documenting, and seeking court approval of this settlement.

3. ARCO has paid $69,000 to the State for a natural resource damage ("NRD") assessment under the amended terms of the RI/FS Consent Order for the Site. If any portion of that sum is refunded to ARCO because it is not expended by the State for the natural resource damage assessment, an amount equal to the refund will be paid by ARCO to DHES and shall be earmarked for implementation of the final remedy at the Site in accordance with Paragraph 2, supra. Such payment shall be due within 60 days of the State's payment of any refund of the NRD assessment money under the RI/FS Consent Order. In the event that ARCO does not receive from the Bank $300,000 plus accrued interest as provided in Paragraph 10 or ARCO is required to refund those proceeds to the Bank as provided in Paragraph 12 because the Federal Court does not enter a Final Order (as defined hereafter) dismissing all claims against the Bank in ARCO v. Oaas, ARCO's conditional obligation arising under this paragraph 3 shall be extinguished. No monies paid pursuant to this paragraph 3 shall be used to defray legal costs incurred by DHES in connection with this settlement. In any event, the parties' obligations under the RI/FS Consent Order shall not be affected by this agreement.

STATE CLAIMS (Consent Decree)

4. DHES and the Bank have agreed to a proposed Consent Decree attached as Exhibit A hereto, which, if it becomes effective, will settle and release all claims under CERCLA and CECRA which DHES has against the Bank at the Site, including claims for natural resource damages, and in which DHES acknowledges, without warranty, its intent that the Bank receive the full extent of the contribution protection provided by Section 113 (f) of CERCLA and Section 719 of CECRA. The Consent Decree will also settle and release all claims asserted by DHES against the Bank in Montana v. Miner's Bank, et al., Civil Action No. 84-C-223, Second Judicial District, Butte. The Consent Decree will be proposed for public comment for a period of thirty days, and, as provided by the terms of the Consent Decree, may be modified by the agreement of DHES and the Bank, may be withdrawn or voided by DHES in light of comments received, or may be approved by the Court and become final.

5. The parties agree that the Consent Decree will be lodged with the Court in Montana v. Miner's Bank, supra, and anticipate that the Court will be asked to approve the Consent Decree after notice of the Consent Decree is given and public comment is solicited and considered by DHES and presented to the Court. ARCO hereby agrees to support the proposed Consent Decree.

6. It is understood and agreed between ARCO and DHES that ARCO and DHES reserve all their rights and claims against each other and all other third parties except as expressly agreed herein. It is agreed that, after this agreement is signed by all three parties, this settlement with the Bank does not alter or affect any liability of DHES or ARCO to the other or to any third party, except that the liability of ARCO and the other PRPs to DHES for remedial action costs shall be reduced by the amount of the settlement proceeds received by DHES (i.e., $75,000 plus any refund amount under paragraph 3), and DHES and ARCO agree that they stand in the same position relative to each other as they were in prior to this settlement. ARCO agrees that the terms of this settlement, including the Consent Decree, shall not be admissible in Montana v. ARCO, United States District Court for the District of Montana, Helena Division, Civ. No. 83-317-HLN-CCL.

ARCO CLAIMS

7. ARCO agrees to move to dismiss with prejudice its claims against the Bank in ARCO v. Oaas, United States District Court, District of Montana, Butte Division, Civil Action No. CV-90-75-BU-PGH, subject to the entry of a Final Order in ARCO v. Oaas granting the Bank contribution protection. ARCO and the Bank will exchange releases of liability in the forms attached as Exhibits B and C. For purposes of this agreement, "Final Order" means either the passing of time within which an appeal may be taken or, if an appeal is taken challenging the Order granting the Bank contribution protection, that the Order be affirmed on appeal and become final. Notwithstanding the foregoing definition of "Final Order," in the event that the Federal Court's Order is appealed, the Bank may, in its discretion, exercise its right to have the funds paid to ARCO returned (as provided in Paragraph 12) by providing written notice to ARCO. Upon receipt of such written notice, ARCO shall return such funds (and accrued interest at the rate provided herein) within 45 days as provided in Paragraph 12, the Escrow Agent shall return the releases to their makers, and the Bank/ARCO portion of this agreement shall be rescinded. The Consent Decree (if effective) and the portions of this agreement relating to the Consent Decree, including the State/ARCO acknowledgements set forth in paragraph 6 hereof, shall remain in effect regardless of the status of the Bank/ARCO settlement.

8. ARCO and the Bank agree that, after the Consent Decree becomes a Final Order, the Bank will file a Motion for Summary Judgment or other comparable motion in ARCO v. Oaas seeking dismissal of all claims asserted or assertable against the Bank and entry of an Order affording the Bank contribution protection. ARCO agrees to support such a motion and will file a Motion to Dismiss its claims against the Bank with prejudice in ARCO v. Oaas, subject to entry of a Final Order by the Federal Court granting the Bank contribution protection.

TERMS OF ESCROW AND ADDITIONAL CONDITIONS

9. John A. Alexander, Esq., 2801 South Montana, Butte, Montana 59701 is appointed Escrow Agent (the "Escrow Agent"). The escrow instructions are attached as Exhibit D. Upon execution and filing of the Consent Decree, the parties shall establish an escrow for implementation of the various agreements among the parties. The Bank shall pay $375,000 into an escrow account to be established at the Bank and shall deliver a release in the form attached as Exhibit B to the Escrow Agent. ARCO shall deliver a release in the form attached as Exhibit C to the Escrow Agent. Moneys deposited in escrow shall earn interest at a rate of 8-1/2% simple interest, and the interest

shall be disbursed to the parties in proportion to the principal to which a party is entitled as funds are properly paid out of escrow.

10. Upon entry of a Final Order approving the Consent Decree between DHES and the Bank, the Escrow Agent shall (1) deliver to ARCO the $300,000 allocated to ARCO pursuant to Paragraph 1(a) plus accrued interest, and (2) deliver to DHES the $75,000 earmarked for implementation of the final remedy at the Site pursuant to Paragraph 2 plus accrued interest. For purposes of this letter, Final Order means either the passing of time within which an appeal may be taken, or, in the event an appeal is taken challenging the Order approving the Consent Decree, that the Order be affirmed on appeal and become final. The appropriate releases of liability between ARCO and the Bank shall be held in escrow until such time as the United States District Court in ARCO v. Oaas enters a Final Order dismissing all claims asserted or assertable against the Bank with respect to its liability at the MPTP site, thus affording the Bank contribution protection. At such time as the Court's Order in ARCO v. Oaas becomes a Final Order, the Escrow Agent shall deliver the releases to ARCO and the Bank.

11. In the event that the Consent Decree does not become a Final Order, the escrowed funds and all accrued interest shall be returned to the Bank and the appropriate releases shall be returned to their makers. Nothing in this letter shall require the Escrow Agent or the Bank to pay any sum to ARCO or to DHES in the event the Consent Decree between DHES and the Bank does not become a Final Order. In such event, this entire three-party agreement and all related offers, terms and agreements shall be null and void.

12. In the event that the United States District Court in ARCO v. Oaas does not enter a Final Order dismissing all asserted and assertable claims at the MPTP Site against the Bank, the Escrow Agent shall return to ARCO and the Bank the releases which each had prepared for the other. In such event, ARCO agrees to repay the Bank within 45 days the full amount paid to ARCO pursuant to Paragraph 10, supra, plus interest on such amount at 8-1/2% from the date ARCO receives the funds. Regardless of the dismissal of such claims in ARCO v. Oaas, the terms of this agreement relating to State claims, the Consent Decree and the related acknowledgements set forth herein shall remain effective.

13. The parties also agree that each party may reserve all its rights and claims against any person or party other than as specifically provided herein.

The undersigned signatories represent and warrant that each is duly authorized to execute this agreement on behalf of the designated party. By affixing its authorized signature below, each party evidences its agreement to and consent to be bound by the terms of this agreement.

Montana Department of Health & Environmental Sciences

Date: 9/23/92 By: Dennis Iverson
Dennis Iverson
Director

Atlantic Richfield Company

Date: 9/18/92 By: C Floyd George
C. Floyd George, Manager
Rocky Mountain Remediation

Bank of Montana-Butte

Date: 9-21-92 By: Robert G Henry
Robert G. Henry
President

EXHIBITS ATTACHED

Exhibit A: Proposed Consent Decree

Exhibit B: Bank's Release of ARCO

Exhibit C: ARCO's Release of Bank

Exhibit D: Escrow Instructions

William B. Kirley
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Attorney for Plaintiff

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Attorney for Bank of Montana-Butte

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE STATE OF MONTANA, IN AND FOR THE COUNTY OF BUTTE/SILVER BOW

* *

STATE OF MONTANA ex rel Department of Health and Environmental Sciences, Plaintiff, -vs- MINERS BANK OF MONTANA, and MONTANA POLE AND TREATING COMPANY, Defendants.	No. 84-C-233 CONSENT DECREE

This Consent Decree is made and entered into by and between the Plaintiff, the State of Montana, acting by and through the Montana Department of Health and Environmental Sciences ("State") and the Defendant, Miners Bank of Montana, now known as Bank of Montana-Butte (hereinafter the "Bank").

I. BACKGROUND

1. The Complaint in this action was originally filed by the State in June of 1984 in connection with contamination at the site of the former operations of the Montana Pole & Treating Plant ("MPTP") on Greenwood Avenue in Butte, Montana, and specifically in

EXHIBIT A

connection with an auction of MPTP equipment which was to be conducted on June 12, 1984.

2. After a hearing held on June 11, 1984, the State's request for a temporary restraining order was denied, but the Court entered an Order establishing certain conditions for the conduct of the auction. The Court's order was based upon stipulations of the State and the Bank concerning how the auction was to be conducted.

3. On June 17, 1985, an Amended Complaint was filed by the State, and an Answer was later filed by the Bank. Subsequently, the MPTP facility and the area of associated contamination (collectively, the "Site") were designated by the U.S. Environmental Protection Agency ("EPA") as a National Priorities List ("NPL") Site under the federal Superfund law, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended by the Superfund Amendment and Reauthorization Act of 1986 (collectively referred to herein as "CERCLA"), 42 U.S.C. §§ 9601 et seq.

4. Since the designation of the Site under the NPL, the Bank and MPTP, as well as other parties including Atlantic Richfield Company (hereinafter "ARCO"), have been designated by EPA under CERCLA as potentially responsible parties (PRPs) for the Site.

5. In addition, the State has designated ARCO, MPTP, and the Bank as PRPs under both CERCLA and the Montana Comprehensive Environmental Cleanup and Responsibility Act, Title 75, Chapter 10, Part 7, MCA (hereinafter "CECRA"). CECRA was initially enacted in 1985 (Chapter 711, L. 1985) and was substantially amended in 1989 (Chapter 274, L. 1989).

6. After EPA's designation of the Site as a NPL Site, the State entered into a Cooperative Agreement with EPA under Section 104 of CERCLA, and the State is currently lead agency overseeing a remedial investigation/feasibility study ("RI/FS") to determine an appropriate remedy for cleanup of the Site. The RI/FS is being conducted by ARCO under an Administrative Order on Consent (Docket No. SF-90-00001) which was entered into by ARCO and the State on April 25, 1990, and which became effective on June 4, 1990.

7. The instant civil action has remained inactive during the initiation and continuation of federal, state, and private response activities at the Site.

8. The State and the Bank desire to resolve their disputed claims through this settlement. The parties intend through this Consent Decree to fully resolve any and all liability of the Bank to the State for the Site. By operation of CECRA AND CERCLA such a resolution of liability affords the Bank protection from certain claims by third parties. The parties desire through this negotiated settlement to apply the financial contribution which can be made by the Bank toward the costs of remediation at the site rather than to further litigation or administrative expenses.

II. STIPULATIONS

The State and the Bank stipulate and agree as follows:

9. The MPTP NPL Site is located on West Greenwood Avenue in the City of Butte, Butte-Silver Bow County, Montana. A post and pole treating plant was operated on the Site, beginning in 1946 by Torger L. Oaas and from 1956 to 1984 by MPTP, a Montana corporation owned by the Oaas family. Hazardous substances within the definition of Section 75-10-701(6), MCA, and Section 101 (14) of CERCLA have been or are threatened to be released into the environment at the Site. The real property owned by MPTP on which the pole treating operations were conducted is referred to herein as the "MPTP Property."

10. Beginning in the 1960's the Bank established a lending relationship with MPTP and at various times obtained security interests in the MPTP Property and in certain MPTP equipment and personal property.

11. By the fall of 1983, MPTP had defaulted on loans made to it by Miners Bank (predecessor of Bank of Montana-Butte), one of which was guaranteed by the U.S. Small Business Administration ("SBA"). The loans were secured by certain real and personal property, including the MPTP Property and MPTP equipment and personal property. By the spring of 1984 MPTP had completely ceased operations, and subsequent to such default and cessation of

business, the Bank took certain steps to protect the Bank's security interest.

12. On or about May 17, 1984, a grant deed for a portion of the MPTP Property was executed by MPTP in favor of the Bank. This deed was delivered to and received by the Bank or its attorneys on or about May 17, 1984. The grant deed was not recorded but was held by the Bank for approximately 3½ months before being returned to MPTP by delivery to MPTP's attorney. MPTP continued to be listed on the County real estate records as the owner of the MPTP Property and has remained the party to whom tax notices are sent.

13. In preparing the deed that was tendered to the Bank in May of 1984 by MPTP, the Bank intentionally used a surveyed property description which excluded that portion of the MPTP Property believed by the Bank to be contaminated.

14. The one-day auction of equipment and personal property at the Site arranged by the Bank was conducted by an independent auction company in compliance with a procedure agreed to by the State and specified by an order issued by this Court the day before the auction.

15. On January 17, 1990, via a special notice letter, the Bank was designated by the State under CECRA and CERCLA as a PRP for the Site.

16. The State has undertaken remedial actions at the Site and is likely to undertake and/or oversee additional remedial actions at the Site in the future.

17. In performing and/or administering these remedial actions, the State, as well as EPA, ARCO and possibly others, have incurred and will incur remedial action costs at or in conjunction with the Site in the future.

18. The State asserts the following claims against the Bank:

(a) the various claims set forth in the State's Amended Complaint and Application for Injunction filed with this Court on June 17, 1985, and

(b) a claim of CECRA liability as an "owner or operator" under Section 75-10-715(1)(a) and (b) for remedial action costs and

natural resource damages as outlined in Section 75-10-715(2)(a) and (b).

19. Section 75-10-701(8)(a) of CECRA and Section 101(20)(A) of CERCLA exclude from the definition of "owner or operator" the holding of the indicia of ownership of a facility primarily to protect a security interest unless the holder has participated in the management of the facility.

20. The exact scope of the secured creditor exemptions under CECRA and CERCLA and the Bank's entitlement to the exemptions are currently matters of dispute between the Bank and the State.

21. The Bank denies that it is or ever was the owner or operator of all or part of the Site and specifically disputes that it is or ever was a participant in management or the owner of all or part of the Site for purposes of CECRA or CERCLA.

22. EPA has independently issued, in a letter dated September 24, 1991, to Frank Crowley, counsel for the Bank, EPA's determination, based primarily upon EPA's interpretation of the secured creditor exemption in Section 101(20)(A) of CERCLA, that it will not be seeking to recover response costs from the Bank under CERCLA.

23. The Bank, without admitting liability, pursuant to the terms of a Stipulation with the State dated August 28, 1990, previously reimbursed the State the sum of TEN THOUSAND DOLLARS ($10,000) for the State's remedial action costs incurred through April 26, 1990.

III. TERMS OF SETTLEMENT

24. This Consent Decree is entered into pursuant to the authority vested in the Director of the State's Department of Health and Environmental Sciences to settle disputed claims, as recognized and acknowledged in Section 75-10-719(a) of CECRA and Section 113(f)(2) of CERCLA.

25. This Consent Decree is entered into voluntarily by the parties, and the parties agree to undertake the actions required by the terms and conditions of this Consent Decree. The parties further consent to and will not contest each other's right to

enforce the terms of this Consent Decree, once this Consent Decree becomes effective.

A. Payment by Bank of Cash Contribution

26. In consideration of this settlement, the Bank agrees and shall pay a cash payment to the State the total sum of Seventy-Five Thousand Dollars ($75,0000), which will be deposited into escrow upon the execution of this Consent Decree and will be disbursed by the escrow agent to the State within five (5) days after the effective date of this Consent Decree as defined in Section V below.

27. In addition to the sums to be paid to the State, the Bank has agreed, upon certain conditions specified in a separate agreement, to pay the sum of $300,000 in damages to ARCO for costs incurred in conducting response actions at the Site. Upon certain conditions, up to $69,000 of that amount may be paid to the State by ARCO.

B. Civil Penalties

28. In addition to any other remedies or sanctions available to the State, if the Bank fails or refuses to comply with Section III(A) of this Consent Decree, it shall be subject to a civil penalty of $1,000 per day for such failure or refusal.

C. Future Remedial Actions

29. By entering into this Consent Decree, the State does not waive and hereby reserves its right to undertake future remedial actions and/or assessment and recovery of natural resource damages for the Site. The State also reserves its right to seek injunctive relief or issue administrative orders or take other action requiring any persons or entities, except, to the extent provided herein, the Bank (and the additional parties described in paragraph 32 below), to perform remedial actions or assessments at the Site.

D. Covenant Not to Sue

30. Subject to the reservations of rights in Section III(E) of this Consent Decree, upon payment by the Bank of the amount specified in Section III(A), above, the State covenants not to sue or take any other civil or administrative action against the Bank for "Covered Matters." "Covered Matters" are defined as any and all costs, expenses, damages, and liabilities with regard to the Site pursuant to or arising from: (1) Sections 75-10-711 and 715 of CECRA; (2) Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607; (3) Section 7003 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6973 as amended; (4) any federal or state statutory claims or causes of action under other environmental statutes and/or regulations or common law arising out of or related in any way to the release or threat of release of hazardous substances at or from the Site. Covered Matters include specifically, without limitation, all liability relating to past or future injury to, destruction of or loss of natural resources within the meaning of Section 75-10-715(2)(b) of CECRA and Section 107 of CERCLA. Covered Matters do not include:

(1) any claims that could not have been asserted or had not arisen against the Bank on the effective date of this Consent Decree;

(2) any violations of federal, state, or local statutes, regulations, ordinances, licenses, consents or permits occurring subsequent to the effective date of this Consent Decree; or

(3) any claims based on the occurrence and/or discovery after the execution of this Consent Decree of previously unknown, unanticipated or non-existing facts, information, or conditions at or resulting from the Montana Pole Site, if such facts, information or conditions demonstrate that the Bank is liable under either Section 107 of CERCLA or Section 75-10-715 of CECRA because of actions of officers, employees or agents of the Bank regarding the Site which:

(a) resulted in a release of hazardous or deleterious substances at the Site;

(b) were for purposes other than primarily to protect the Bank's security interest; or

(c) constituted participation in the management of operations of the MPTP facility.

Prior to initiating any proceeding against the Bank as a result of previously unknown facts or conditions, new information, or a breach of this Consent Decree, the State shall first provide the Bank an opportunity to provide the State with evidence rebutting such claims, to which the State will respond in writing.

31. This covenant not to sue shall not apply to any failure to perform the terms or conditions of Section III(A) of this Consent Decree.

32. This covenant not to sue shall also apply to the following additional parties: past and present directors, officers, stockholders, affiliates, and agents of the Bank and any predecessors or successors-in-interest of the Bank, provided that these additional parties are not liable under CERCLA or CECRA for any separate and distinct actions taken independent of the Bank and are not liable under CERCLA or CECRA based on any status separate and distinct from the Bank.

33. This covenant not to sue shall take effect upon the effective date of this Consent Decree pursuant to Section V below.

34. In consideration of the State's covenant not to sue, the Bank agrees not to assert any claims, cross-claims, counterclaims, third-party complaints, or any causes of action or defenses whatsoever against the State or any agency or subdivision of the State arising out of Covered Matters, and the Bank agrees not to seek any other costs, contributions, damages, or attorneys' fees from the State or any agency or subdivision thereof involving Covered Matters or any matter involving remedial action, remedial activities, or natural resource damages at the Site.

E. Reservation of Rights

35. Nothing in this Consent Decree is intended to be nor shall it be construed as a release or covenant not to sue for any claims or causes of action, administrative or judicial, civil or

criminal, past or future, at law or in equity, which the State may have against the Bank for:

a. Any liability as a result of failure to make the payment required by Section III(A);

b. Any matters not expressly included in Covered Matters;

36. Nothing in this Consent Decree is intended nor shall it be construed as a release or covenant not to sue any person, firm, corporation or other entity who is not a signatory to this Consent Decree or who is not a party described in paragraph 32 above. The State of Montana expressly reserves the right to assert claims and defenses against any persons or parties (other than the Bank and except as provided in paragraph 32 above), including, without limitation, the right to seek response costs and natural resource damages. The State and the Bank also reserve any and all rights (including any rights to contribution), defenses, claims, demands, and causes of action, either administrative or judicial, past or future, in law or in equity, against any person or entity who is not a signatory to this Consent Decree (or who is not a person described in paragraph 32 above) for any matter arising at, in connection with, or in any way related to the Site, including insurance coverage for the damages and expenses incurred by the Bank in connection with the liability asserted against it concerning the Site. The sums paid by the Bank to the State under this Consent Decree are to be applied by the State to the Site remedy and will reduce the potential liability of the other PRPs for Covered Matters at the Site by the amount paid to the State through this settlement.

37. Except for the specific purpose of upholding and defending this Consent Decree, the payment undertaken by the Bank in accordance with this Consent Decree shall not constitute an admission of any liability by the Bank and the acceptance by the State of said payment shall not constitute an admission by the State that said payment would constitute the full liability of the Bank had this action been litigated to final judgment. The Bank and the State do not admit and retain the right to controvert in

any subsequent proceedings, other than proceedings to implement, uphold or enforce this Consent Decree, the validity of the recitations and allegations of liability referred to in this Consent Decree.

38. Except as expressly provided herein, nothing in this Consent Decree shall be construed to waive or release any right or defense to which the Bank or the State may be entitled.

F. Contribution Protection

39. Subject to the reservation of rights in Section III(E) of this Consent Decree, in accordance with Section 75-10-719(1) of CECRA and Section 113(f)(2) of CERCLA, the State agrees that by entering into and carrying out the terms of this Consent Decree, the Bank will have resolved its liability under CECRA and CERCLA to the State for Covered Matters. Therefore, the Bank shall be entitled to the full extent of the contribution protection provided by Section 75-10-119(1) of CECRA and Section 113(f)(2) of CERCLA. While the parties intend that contribution protection will be afforded to the full extent provided by law, the State in no way warrants such protection to the Bank, and the Bank shall have no right of reimbursement, indemnification or other claim or cause of action against the State for claims by third parties. The State shall not be required to defend, reimburse, indemnify or otherwise warrant such protection to the Bank, its officers, directors, employees, agents, predecessors or successors-in-interest against any claims for contribution or cost recovery. This Consent Decree shall not create any cause of action, claim, or other remedy or defense in third-parties not signatories to this Consent Decree.

40. To the extent the Bank receives contribution protection under Section 75-10-719(a) of CECRA and Section 113(f)(2) of CERCLA, the Bank agrees to waive its claims for contribution against other parties potentially responsible or liable for the Site, with the exception of any claims against the Bank's insurers or loan guarantors.

G. Parties Bound

41. This Consent Decree shall apply to and be binding upon the Bank, the Bank's directors, officers, employees, agents, successors, and assigns in their capacities as agents for the Bank but not in their personal capacity. The Bank's officer signing this Consent Decree represents that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to bind the Bank legally.

42. The State is acting solely for and on behalf of the State in this settlement. The State is not acting herein for or on behalf of the U. S. Environmental Protection Agency and does not purport hereby to release any claim or right of EPA.

H. Certifications

43. The Bank certifies that, to the best of its knowledge and belief, it has provided or made available to the State all unprivileged information currently in its possession, or in the possession of its officers, directors, employees, contractors, or agents acting in their capacity as representatives of the Bank, which relates to the ownership or operation of the Site or to the generation, treatment, transportation or disposal of hazardous or deleterious substances at or in connection with the Site. The Bank certifies that no privileged information in the possession of the Bank or of which the Bank has knowledge is inconsistent with the stipulations or certifications contained herein.

44. The Bank further represents and certifies that it did not cause the contamination or otherwise contribute to releases of hazardous substances at the Site.

45. If the information the Bank provided or made available to the State is not materially true and complete, or if a certification made in this Consent Decree is not true, the Covenant Not to Sue provided in Section III.D of this Consent Decree shall not be effective, and the State reserves all rights it may have against the Bank, its directors, officers, stockholders, affiliates, and agents and any assigns, predecessors or successor(s)-in-interest of the Bank.

I. Bank's Disclaimer of Interest

46. The Bank hereby disclaims any past, present or future interest whatsoever in the Site or in the property of the Oaases or MPTP. The Bank also disclaims any past, present or future interest whatsoever in any and all property, facilities or equipment now or previously belonging to the Oaases or MPTP. Nothing in this Consent Decree shall prevent the Bank from executing any Quitclaim Deed or other document in which the Bank further disclaims any interest in the Site.

J. Dismissal of Action

47. The State and the Bank agree that the instant action should be dismissed with prejudice as to the Bank, subject to the Bank's completion of its obligations hereunder.

K. State's Disclaimer

48. The State's execution of this Consent Decree in no way constitutes a finding by the State concerning the risk to human health or the environment which may be posed by contamination at the Site or a representation by the State that the Site is fit for any particular use.

IV. DETERMINATIONS

49. The State has determined that the Bank's past payments of response costs and its payment of the sums hereunder will result in a benefit to remediation at the Site which might not otherwise be available;

50. This Consent Decree has been negotiated by the State and the Bank in good faith to equitably resolve the Bank's alleged liability at the Site. Under the facts as documented in the administrative record and in view of the dispute between the parties regarding the liability of the Bank under CECRA and CERCLA, resolution of the Bank's alleged liability at the Site as provided for herein is practical, appropriate, and in the public interest.

51. The State and the Bank agree that neither this Consent Decree, nor any part hereof, nor the entry into settlement of the

claims against the Bank, nor any performance under this Consent Decree by the Bank, shall constitute or be construed as a finding or an admission, adjudication or acknowledgement of any fault or wrongdoing, or evidence of such, or an admission of violation of any law, rule, or regulation by the parties hereto or by any of their administrators, officers, directors, shareholders, affiliates, employees, agents, successors or assigns;

52. In view of the Bank's certifications made in paragraphs 43, 44, and 45 hereof, the State and the Bank agree that settlement of the claims against the Bank in exchange for the cash payments to be made by the Bank in connection with this settlement are the most appropriate means of resolving the alleged responsibility of the Bank for cleanup and damages at the Site, or any other alleged liability of the Bank associated with releases or threatened releases of hazardous substances at the Site;

53. It is agreed, based upon the specific facts and circumstances involved, the claims in dispute between the parties, the EPA's determination that, with respect to claims under CERCLA, the Bank falls within the security interest exemption of Section 101(20)(A), the Bank's regulatory status, financial position and ability to contribute to the Site, and the Bank's agreement to pay additional damages to partially reimburse expenses of another PRP at the Site, that execution of this Consent Decree represents a lawful, fair, reasonable and equitable settlement of the matters covered by this Consent Decree.

V. PUBLIC COMMENT AND EFFECTIVE DATE

54. The State shall propose this Consent Decree for public comment for a period of thirty days. The State will consider public comment and determine whether comments timely and properly submitted require modification of or withdrawal by the State from this Consent Decree. Any decision to withdraw its consent to this Decree in light of such comments shall be within the sole discretion of the State, and the Bank hereby covenants not to contest in any manner such withdrawal of consent. In such event, the Decree shall be null and void.

55. The parties agree that the effective date of this Consent Decree shall be the date upon which this Court's approval and entry of the Consent Decree becomes a Final Order. For the purpose of determining the effective date of this Consent Decree, becoming a "Final Order" shall mean either the passing of time within which an appeal may be taken or, in the event of an appeal challenging the order approving this Consent Decree, that the order be ultimately affirmed on appeal and become final. In the event that the effective date is not reached, all terms of this Consent Decree shall be null and void.

It is so agreed:

MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Date: 9/23/92 By: _____
Dennis Iverson
Director

Date: 9/23/92 By: _____
William B. Kirley
Counsel for DHES

BANK OF MONTANA-BUTTE

Date: 9-21-92 By: _____
Robert G. Henry
President

Date: 9-23-92 By: _____
Frank C. Crowley
Counsel for Bank

DECREE

WHEREFORE, based upon the foregoing terms and agreement of the parties and upon the Court being otherwise fully advised in the premises, the Court finds that the terms of this Consent Decree are practical, appropriate, and in the public interest, and that the terms of this settlement represent a lawful, fair, reasonable and equitable resolution of the Bank's alleged liability to the State for costs and damages relating to releases or threatened releases of hazardous or deleterious substances at the Montana Pole & Treating Plant NPL Site.

IT IS HEREBY ORDERED:

1. This Consent Decree is hereby approved and entered by the Court;

2. That, upon its effective date, this Consent Decree shall constitute a full resolution and discharge of the State's claims against the Bank of Montana-Butte concerning environmental contamination at the Montana Pole & Treating Plant NPL Site, on the terms and as provided in the agreement set forth herein;

2. That the Bank, having resolved its liability to the State under CECRA and CERCLA, shall be entitled to contribution protection from claims of third parties to the full extent provided by Section 75-10-719(a) of CECRA and Section 113(f)(2) of CERCLA;

3. That the State or the Bank may apply to this Court for enforcement of the terms and agreement set forth herein;

4. That this case is dismissed with prejudice as to the Bank of Montana-Butte, on the terms and as provided in the agreement set forth herein.

DONE AND DATED this _____ day of _____, 1992.

DISTRICT JUDGE

RELEASE

Release executed this _____ day of _____, 1992.

1. BANK OF MONTANA-BUTTE (hereinafter the "Bank") executes this release of the Atlantic Richfield Company (hereinafter "ARCO") concerning claims which the Bank may have against ARCO under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C 9601 et seq. ("CERCLA") and the Montana Comprehensive Environmental Cleanup and Responsibility Act, Title 75, Chapter 10, Part 7, MCA ("CECRA") or under any other statute or at common law. Said potential claims relate to contamination at the site of the former operations of the Montana Pole and Treating Plant in Butte, Montana ("MPTP") which the U.S. Environmental Protection Agency ("EPA") has placed on the CERCLA National Priorities List ("NPL").

2. The Bank, in consideration of ARCO's mutual release of the Bank from claims and potential claims related to the MPTP site, hereby FULLY RELEASES ARCO from all past, present and future claims for cost recovery, contribution and any other claims which the Bank may have or could ever assert against ARCO for contamination at or from the MPTP site in Butte, Montana, including contribution or recovery for natural resource damages. Such release includes all claims at law or equity which the Bank may have or could assert and all claims whether the same might arise under state or federal law.

3. The release hereby given by the Bank to ARCO is binding upon the Bank regardless of any action or claim of any kind asserted or to be asserted against ARCO or the Bank by any governmental entity or by any other party or person regarding MPTP.

4. The Bank expressly reserves all rights of action, claims, and demands against any and all persons other than ARCO.

5. This release shall inure to the benefit of ARCO, its past and present directors, officers, stockholders, affiliates, and agents of ARCO and any predecessors or successors in interest to ARCO and its affiliates, and it shall bind the Bank, its agents, and any successors in interest to the Bank.

6. The Bank expressly agrees that this Release may be treated as a defense to any action or proceeding that might be brought, initiated, or taken by the Bank or on its behalf, against ARCO or any successor in interest of ARCO and its affiliates.

EXHIBIT B

7. The Bank acknowledges that ARCO admits no liability of any manner whatsoever for contamination at or from the MPTP facility.

IN WITNESS WHEREOF, the BANK has executed this Release at_____,_____, on the day and year first above written.

Bank of Montana-Butte

By: Exhibit Only
Robert G. Henry
President

RELEASE

Release executed this _____day of _____, 1992.

1. ATLANTIC RICHFIELD COMPANY (hereinafter "ARCO"), executes this release of the Bank of Montana-Butte (hereinafter the "Bank") concerning claims asserted by ARCO against the Bank under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C 9601 et seq. ("CERCLA") and the Montana Comprehensive Environmental Cleanup and Responsibility Act, Title 75, Chapter 10, Part 7, MCA ("CECRA") or under any other statute or the common law, including those claims asserted by ARCO in the matter of Atlantic Richfield Co. v. Oaas, et al, Civil No. CV-90-75-BU-PGH. All of the claims released hereunder relate to contamination at the site of the former operations of the Montana Pole and Treating Plant in Butte, Montana ("MPTP") which the U.S. Environmental Protection Agency ("EPA") has placed on the CERCLA National Priorities List ("NPL").

2. ARCO, in consideration of the Bank's payment to ARCO of the sum of THREE HUNDRED THOUSAND DOLLARS ($300,000) plus interest, receipt of which is hereby acknowledged, and in consideration of the Bank's mutual release of ARCO from claims and potential claims related to the MPTP site, hereby FULLY RELEASES the Bank from all past, present and future claims for cost recovery, contribution and any other claims which ARCO has asserted or which ARCO could ever assert against the Bank regarding contamination at or from the MPTP site in Butte, Montana, including contribution or recovery for any natural resource damages paid by ARCO. Such release includes all claims at law or equity which ARCO has asserted or could assert and all claims whether the same might arise under state or federal law.

3. The release hereby given by ARCO to the Bank is binding upon ARCO regardless of any action or claim of any kind asserted or to be asserted against ARCO or the Bank by any governmental entity or by any other party or person regarding the MPTP site.

4. ARCO expressly reserves all rights of action, claims, and demands against any and all persons other than the Bank.

5. This release shall inure to the benefit of the Bank, its past and present directors, officers, stockholders, affiliates, and agents of the Bank and any predecessors or successors in interest to the Bank and its affiliates and it shall bind ARCO, its agents, and any successors in interest to ARCO.

EXHIBIT C

6. ARCO expressly agrees that this Release may be treated as a defense to any action or proceeding that might be brought, initiated, or taken by ARCO or on its behalf, against the Bank or any successor in interest of the Bank and its affiliates.

7. ARCO acknowledges that the Bank admits no liability of any manner whatsoever for contamination at or from the MPTP.

IN WITNESS WHEREOF, ARCO has executed this Release at_____, _____, on the day and year first above written.

Atlantic Richfield Company

By: Exhibit Only
C. Floyd George, Manager
Rocky Mountain Remediation

ESCROW AGREEMENT

I

PARTIES TO ESCROW

STATE OF MONTANA (Department of Health and Environmental Sciences) Superfund Program, Steamboat Block, Helena, MT 59620, Attn: William B. Kirley, Esq. (406) 449-4067. For purposes of this escrow agreement and the instructions set forth herein, the State of Montana shall be referred to as the "State."

BANK OF MONTANA-BUTTE, 3650 Harrison Avenue, Butte, Montana 59701 (check ZIP), Attn: Robert Henry, President (406) 494-8881. For purposes of this escrow agreement and the instructions set forth herein, the Bank of Montana-Butte shall be referred to as the "Bank."

ATLANTIC RICHFIELD COMPANY (ARCO), Attn: Ms. Sherry Purdy, Esq., Atlantic Richfield Company, 555 Seventeenth Street, Denver, Colorado 80202 (303) 293-7550. For purposes of this escrow agreement and the instructions set forth herein, Atlantic Richfield Company shall be referred to as "ARCO."

II

ESCROW AGENT

The above referenced parties have agreed upon and hereby designate John A. Alexander, Esq. of 2801 South Montana, Butte, Montana 59701 (406) 782-0484 (hereinafter "Alexander") to serve as the escrow agent herein. Compensation to the escrow agent for services rendered hereunder shall be paid by the Bank, upon the presentation to the Bank of itemized statements of services and expenses.

III

PURPOSE OF ESCROW

This escrow is established in order to facilitate and implement a legal settlement among the State, the Bank, and ARCO concerning the alleged liability of the Bank for contamination at the site of the former operation of the Montana Pole & Treating Plant on Greenwood Avenue in Butte, Montana ("MPTP Site"). The settlement is set forth in a three-party agreement dated September 23, 1992, attached hereto, and provides for the entry of two court orders from separate courts. The escrow has two phases.

EXHIBIT D

IV

ESCROW DOCUMENTS AND ASSETS

1. Subject to the terms and conditions set forth herein, Alexander accepts and agrees to hold according to the instructions hereinafter stated, the following documents and/or assets:

1. Copy of three-party agreement among the State, the Bank, and ARCO dated September 23, 1992;

2. Copy of the Consent Decree in the case of State of Montana v. Montana Pole and Treating Plant, et. al, Cause No. 84-C-233, Second Judicial District Court (hereinafter the "Consent Decree").

3. Release of claims from ARCO to the Bank;

4. Release of claims from the Bank to ARCO; and

5. The sum of $375,000 (THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS) which has been paid by the Bank into an escrow account (earning interest at a rate of 8 1/2 % simple interest) established at the Bank in the name of Alexander as escrow agent and which is to be disbursed in accordance with the instructions hereinafter stated.

V

ESCROW TERMS AND INSTRUCTIONS

1. "Accrued Interest," for purposes of this escrow, shall mean the 8 1/2 % interest earned on the $375,000 deposited by the Bank into the escrow account in the name of Alexander as escrow agent, which account shall be established at the Bank immediately after the execution of the Consent Decree. Said interest shall be disbursed to the State and ARCO in proportion to the principal to which the State and ARCO are entitled to be properly paid out of the escrow account pursuant to the three party agreement.

2. For purposes of Phase I of this escrow, "Final Order" means either the passing of time within which an appeal from a Court order approving and entering the Consent Decree may be taken, or, in the event an appeal is taken challenging the Court's order, that the order be affirmed on appeal and become final.

3. For purposes of Phase II of this escrow "Final Order" means either the passing of time within which an appeal from a Court order may be taken, or, in the event an appeal is taken challenging a Court order, that the order be affirmed on appeal and become final.

(Phase I)

4. Upon entry of a Final Order approving the Consent Decree between the State and the Bank, the Escrow Agent shall deliver to the State the sum of $75,000 plus accrued interest.

5. Upon entry of a Final Order approving the Consent Decree between the State and the Bank, the sum of $300,000 plus accrued interest shall be disbursed to ARCO.

6. In the event that the Consent Decree between the State and the Bank does not become a Final Order, the escrowed funds and all accrued interest shall be returned to the Bank and the appropriate releases shall be returned to their makers. Alexander shall not pay any sum to the State or to ARCO in the event the Consent Decree between the State and the Bank does not become a Final Order.

(Phase II)

7. In the event a Final Order is entered approving the Consent Decree between the State and the Bank, the releases of liability between ARCO and the Bank shall be held in escrow until such time as the United States District Court in the case of ARCO v. Oaas, et al., Civil No. CV-90-75-BU-PGH, enters a Final Order dismissing all claims asserted or assertable by ARCO or others with respect to the Bank's alleged liability at the MPTP Site. At such time as the Court's Order in ARCO v. Oaas becomes a Final Order, Alexander shall deliver the releases to ARCO and the Bank, respectively, and shall deliver the escrowed copies of the three-party agreement and the Consent Decree to the Bank, and the escrow shall terminate.

8. In the event that the United States District Court in ARCO v. Oaas does not enter a Final Order dismissing all asserted and assertable claims against the Bank concerning the MPTP Site, (or, in the event that the Bank invokes its rights under paragraph (9) below), Alexander shall return to ARCO and the Bank the releases which each had prepared for the other and shall deliver the escrowed copies of the three-party agreement and the Consent Decree to the Bank, and the escrow shall terminate.

9. Notwithstanding the Phase II definition of "Final Order" set forth above in paragraph (3), in the event the U.S. District Court enters an order affording the Bank contribution protection from all asserted and assertable claims against the Bank concerning the MPTP Site, but said order is appealed, the Bank may, at its discretion, rescind the settlement between the Bank and ARCO and provide written notice to ARCO to return the Three Hundred Thousand Dollars earlier disbursed to ARCO. In such event, the Bank shall provide a copy of said notice to Alexander who shall thereupon return to ARCO and the Bank the releases which each had prepared

for the other and shall deliver the escrowed copies of the three-party agreement and the Consent Decree to the Bank, and the escrow shall terminate.

10. For purposes of this Escrow, responsibility for providing Alexander with notice of the entry (or failure to enter) a Final Order by the State Court shall be upon the Bank. Such notice shall be written and shall include the written concurrence of ARCO and DHES. Responsibility for providing Alexander with notice of the entry (or failure to enter) a Final Order by the Federal Court shall be upon the Bank. Such notice shall be written and shall include the written concurrence of ARCO. In either case, if the Bank makes reasonable efforts to obtain the concurrence of ARCO or DHES, but the other is unavailable to provide concurrence, the Bank may nonetheless proceed with notice to Alexander.

11. It is specifically agreed and understood that if, in the sole opinion of Alexander, a disagreement exists between the parties hereto or persons claiming under them, or any of them, Alexander reserves the exclusive right to hold all money and documents then in his possession in connection with this escrow until a mutual agreement has been reached between all of said parties or until delivery is legally authorized by a final judgment or decree of court. Alexander reserves the right to dispose of the documents and funds held under this agreement by inter-pleader or other suitable action in the event of controversy. In the event that Alexander determines that such a disagreement exists, he shall promptly provide written notice to each of the parties hereto.

12. Alexander shall not be responsible for the performance of any act not expressly set forth in this Escrow even though contained in the documents deposited hereunder.

13. Alexander shall be liable as a bailee only and shall not be responsible for the sufficiency or accuracy of the form, execution or validity of documents deposited hereunder, or any description of property or other thing therein, nor shall he be liable in any respect on account of the identity, authority or rights of the persons executing or delivering, or purporting to execute or deliver any such document or paper. Alexander may rely upon any paper, document or other writing believed by him to be authentic in making delivery of money or documents.

14. Alexander shall not be liable for failure to notify any party of any event or action of a state or federal court or of any other event.

15. Alexander will allow examination of the contents of this escrow by the parties hereto at any reasonable time during regular business hours. Alexander shall require written authorization from the parties before allowing examination of the contents of the escrow by anyone other than the parties hereto.

16. Any change of the disbursement instructions in Paragraphs (3) through (9) above shall be in writing and signed by the parties.

17. With respect to the duties and liabilities of Alexander, in the event this Escrow Agreement conflicts with the terms of any documents deposited hereunder, it is agreed that this Agreement shall supersede the same and control the duties and liabilities of Alexander.

18. The persons whose signatures appear below hereby warrant that they have the actual authority to sign this instrument and thereby bind the respective parties on whose behalf they are executing this Escrow Agreement.

DATED at Helena, Montana, Montana, this 23 day of September, 1992.

STATE OF MONTANA

By _____

ATLANTIC RICHFIELD COMPANY

By _____

BANK OF MONTANA-BUTTE

By _____

ACCEPTED: JOHN A. ALEXANDER, ESQ.

By: _____